

261—7.31(260F) Options and procedures on default.

7.31(1) The community college shall notify the department within five working days, using Notice of Possible Default, Form 260F-6, whenever the community college determines that an event of default has occurred or is likely to occur.

7.31(2) The community college shall document its efforts to reconcile the condition(s) responsible for the default and shall provide the department with copies of all related correspondence and documents of the community college and the business or apprenticeship sponsor.

7.31(3) The community college shall notify the department, using Declaration of Default, Form 260F-7, when it has determined that an event of default cannot be cured.

7.31(4) When notice of failure to cure the default is received from the community college, the department shall communicate with the business or apprenticeship sponsor, in writing, in an attempt to resolve the default.

7.31(5) When the department's efforts to reconcile are successful, the department shall notify the community college, in writing, to continue project operations. Continuation of project operations may be subject to new conditions imposed by the department as part of the reconciliation.

7.31(6) When the department's efforts to reconcile are unsuccessful and upon the department's request, the community college shall assign the agreement to the department for appropriate proceedings at which time the department shall institute collection procedures or notify the attorney general to initiate appropriate legal actions.

7.31(7) When a community college assigns an agreement to the department for a project declared to be in default, the community college shall return all remaining 260F funds to the department within 45 days of assignment.